



**U.S. SMALL BUSINESS ADMINISTRATION  
OFFICE OF VETERANS BUSINESS DEVELOPMENT  
FISCAL YEAR 2001 REPORT**

**TO  
THE COMMITTEES ON SMALL BUSINESS OF THE HOUSE OF  
REPRESENTATIVES AND THE SENATE, and THE COMMITTEES ON  
VETERANS AFFAIRS OF THE HOUSE OF REPRESENTATIVES AND THE  
SENATE**

**SUBJECT  
THE NEEDS OF SMALL BUSINESS CONCERNS OWNED AND  
CONTROLLED BY VETERANS AND SERVICE-DISABLED VETERANS**

**AS REQUIRED BY  
THE VETERANS ENTREPRENEURSHIP AND SMALL BUSINESS  
DEVELOPMENT ACT OF 1999 [PUBLIC LAW 106-50]**

**SUBMITTED THIS 17 DAY OF FEBRUARY 2003**

**Hector V. Barreto  
Administrator  
U.S. SMALL BUSINESS ADMINISTRATION**

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## EXECUTIVE SUMMARY

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The U.S. Small Business Administration (SBA) submits this annual report pursuant to the Veterans Entrepreneurship and Small Business Act of 1999 (Public Law 106-50).

Section 603 of the Act directs SBA to report on the needs of small business concerns owned and controlled by veterans<sup>1</sup> and small business concerns owned and controlled by service-disabled veterans.<sup>2</sup> The report, as specifically required by PL 106-50, contains information on the following:

- A. The availability of Small Business Administration programs for small business concerns owned and controlled by veterans and small business concerns owned and controlled by service-disabled veterans and the degree of utilization of such small business concerns during the preceding 12-month period, including statistical information on such utilization as compared to the small business community as a whole;
- B. The percentage and dollar value of Federal contracts awarded to small business concerns owned and controlled by veterans and small business concerns owned and controlled by service-disabled veterans during the preceding 12-month period, based on the data collected pursuant to section 604(d) of the Act<sup>3</sup>; and
- C. Proposals to improve the access of small business concerns owned and controlled by veterans and small business concerns owned and controlled by service-disabled veterans to the assistance made available by the United States.

Since 1999, when PL 106-50 was enacted, SBA has initiated and implemented significant efforts to enhance increased accessibility of agency programs and services for small business concerns owned and controlled by veterans and small business concerns owned and controlled by service-disabled veterans. A primary example of SBA's efforts to provide entrepreneurial development assistance to our Nation's veterans has been the creation of a fully staffed Office of Veterans Business Development (OVBD). OVBD is exclusively responsible for the formulation, execution, and promotion of policies and programs that provide assistance to such business concerns.

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<sup>1</sup> A "veteran" is a person who served in the active military, naval, or air service, and who was discharged or released therefrom under conditions other than dishonorable. Small Business Act, Section 3(q)(4), 15 U.S.C. Section 632(q)(4); 38 U.S.C. Section 101(2).

<sup>2</sup> A "service-disabled veteran" is a veteran with a disability that is service-connected and that was incurred or aggravated in line of duty in the active military, naval, or air service. Small Business Act, Section 3(q)(1), 15 U.S.C. Section 632(q)(1); see also 38 U.S.C. Section 101(16).

<sup>3</sup> Pursuant to Section 604(d) of the Act, the percentage and dollar value of prime contracts and subcontracts awarded to small business concerns owned and controlled by veterans and small business concerns owned and controlled by service-disabled veterans is obtained from the Federal Procurement Data System.

OVBD has successfully implemented collaborative relationships with program offices within SBA as well as with other agencies that provide entrepreneurial development assistance to veterans. Since FY 1999, the efforts of SBA and OVBD have greatly enhanced the recognition of SBA as the premier small business resource provider for veteran entrepreneurs.

In FY 2001, SBA made a concentrated and directed effort to increase outreach to our Nation's veteran entrepreneurs. A review of SBA's FY 2001 program data reveals the following:

- Of the total number of 7(a) and 504 loans made (48,170), veteran-owned small business concerns received 5,104 or approximately 11 percent, totaling \$1,206,514,000.00.
- Of the total number of Microloans made (2,499), veteran-owned small business concerns received 206 or approximately 8 percent, totaling \$3,094,768.00.
- Of the total number of 8(a) participants (6,942), approximately 18 percent or 1,220 were veteran-owned small business concerns, and received approximately 3 percent of all 8(a) contracts and modifications, totaling \$113,951,000.00.
- Of the total number of small business concerns certified as Small Disadvantaged Businesses (11,143), approximately 17 percent or 1,920 were veteran-owned small business concerns.
- Of the total number of small business concerns participating in the HUBZone program (2,123), approximately 22 percent or 468 were veteran-owned small business concerns.
- 15,938 veteran entrepreneurs received business counseling or training from SBA-funded Veterans Business Outreach Centers.
- 26,635 or approximately 7 percent of all clients receiving business counseling and training from SCORE were veteran entrepreneurs.
- 39,071 or approximately 6 percent of all clients receiving business counseling and training from the Small Business Development Centers were veteran entrepreneurs.
- 1,364 or approximately 2 percent of all women clients receiving business assistance from the Women's Business Centers Program were veteran entrepreneurs.
- 59,701 or approximately 1.4 percent of all Federal small business procurements were awarded to veteran-owned small business concerns, including service-disabled veteran-owned small business concerns, totaling \$1,026,458,000.00.

Review of available data reveals increases in veteran participation levels in Agency programs and services. In FY 2001, SBA identified and implemented various initiatives designed to increase Agency outreach targeting veteran entrepreneurs. Such initiatives have provided SBA with practical and useful information in identifying the particular, and at times unique, needs of veteran entrepreneurs. These initiatives included:

- Funding seven district offices to conduct locally-based veteran outreach seminars.
- Establishing the VETGazette, a quarterly newsletter containing detailed information on SBA's programs and services targeting veteran-owned small businesses, veteran serving organizations, Federal agencies, Federal procurement officials and the general public.
- Designating Veteran Business Development Officers in every SBA district office to specifically provide assistance and guidance to veteran entrepreneurs.
- Establishing collaborative ties with the National Veterans Business Development Corporation to attain broader outreach.
- Providing assistance and limited funding to the Office of Advocacy in an effort to collect much needed data regarding veteran-owned and service-disabled veteran-owned small business concerns.

**A. The availability of Small Business Administration programs for small business concerns owned and controlled by veterans and small business concerns owned and controlled by service-disabled veterans and the degree of utilization of such programs by such small business concerns during the preceding 12-month period, including statistical information on such utilization as compared to the small business community as a whole.**

In order to determine the availability of SBA programs for small business concerns owned and controlled by veterans and/or service-disabled veterans and the degree of utilization of such programs by such small business concerns during the preceding 12-month period, including statistical information on such utilization as compared to the small business community as a whole, SBA conducted a program by program review.

**1. Veteran Participation in Lending Programs**

A review of SBA's FY 2001 7(a) and 504 lending data revealed that veteran-owned small business concerns received approximately 11 percent of the total number of approved loans, and approximately 10 percent of the total approved loan dollars. It is noted that veteran 7(a) and 504 loans declined by approximately 2 percent from FY 2000.

<b>7(a) and 504 Loans and Microloans</b>					
Total # of Loans	Total \$ Value of Loans	Total # of Veteran Loans	Total \$ Value of Veteran Loans	Veterans % of Total Loans	Veterans % of Loan \$
<b>FY 2001 7(a) and 504 Loans</b>					
48,170	\$12,154,333,000	5,104	\$1,206,514,000	11%	10%
<b>FY 2000 7(a) and 504 Loans</b>					
48,313	\$12,343,066,000	5,217	\$1,319,832,000	11%	11%
<b>FY 2001 Microloans</b>					
2,499	\$33,549,580	206	\$3,094,768	8%	9%
<b>FY 2000 Microloans</b>					
2,182	\$23,715,521	189	\$2,172,939	9%	9%

In FY 2001, approximately 8 percent of the total number of Microloans and approximately 9 percent of the loan dollars went to veteran-owned small businesses. This represents an increase of approximately 9 percent in the number of Microloans and approximately 80 percent increase in Microloan dollars to veterans over FY 2000.

## **2. Veteran Participation in the Section 8(a) Business Development and Small Disadvantaged Business Programs**

A review of SBA's FY 2001 Section 8(a) program data revealed that approximately 10 percent of all firm's admitted to the program veteran-owned small business concerns and approximately 18 percent of the total number of participants were veteran-owned small businesses. Additionally, approximately 3 percent of all 8(a) contracting dollars went to veteran-owned 8(a) small businesses. Finally, it is also noted that approximately 3 percent of FY 2001 8(a) participants were service-disabled veteran-owned small businesses.

A review of SBA's FY 2001 Small Disadvantaged Business (SDB) data revealed that approximately 17 percent of the SDB participants were veteran-owned and approximately 3 percent were service-disabled veteran-owned small businesses.

<b>FY 2001 Section 8(a) and SDB Programs</b>	
<b>Section 8(a) Program</b>	
Total # of 8(a) Application Approvals	1,117
Total # of Vet 8(a) Application Approvals	115
Total # of Service-Disabled Vet 8(a) Application Approvals	32
Total # of 8(a) Participants	6,942
Total # of Vet 8(a) Participants	1,220
Total # of Service-Disabled 8(a) Participants	211
Total # of 8(a) Actions (Contracts & Modifications)	16,715
Total # of Vet 8(a) Actions (Contracts & Modifications)	539
Total # of Service Disabled Vet 8(a) Actions (Contracts & Modifications)	100
Total \$ Value of 8(a) Actions (Contracts & Modifications)	\$3,653,128,000
Total \$ Value of Vet 8(a) Actions (Contracts & Modifications)	\$113,951,000
Total \$ Value of Service-Disabled Vet 8(a) Actions (Contracts & Modifications)	\$29,194,000
<b>Small Disadvantaged Business Program</b>	
Total # of SDB Participants	11,143
Total # of Vet SDB Participants	1,920
Total # of Service-Disabled Vet SDB Participants	310

### **3. Veteran Participation in the HUBZone Program**

A review of SBA's FY 2001 HUBZone data revealed that approximately 22 percent of all firms approved for participation in the HUBZone program were veteran-owned and approximately 4 percent were service-disabled veteran-owned small businesses.

<b>HUBZone Participation</b>	
Total # of Firms Approved for HUBZone Participation	2,123
# of Vet-owned HUBZone Participants	468
# of Service-Disabled Vet-owned HUBZone Participants	76
# of Vet HUBZone Contract Actions	2,492
# of Service-Disabled Vet HUBZone Contract Actions	523
Contract \$s to Vet HUBZone Firms	\$558,689,000
Contract \$s to Service-Disabled Vet HUBZone Firms	\$79,065,000

### **4. Veteran Participation in Entrepreneurial Development Assistance Programs**

A review of SBA's FY 2001 entrepreneurial development assistance programs revealed the following: a) Approximately 15,938 veteran entrepreneurs received business counseling or training from SBA-funded Veterans Business Outreach Centers; b) Approximately 39,071 veteran entrepreneurs received business training and/or counseling through the Small Business Development Centers (SBDC) program; c) Approximately 26,635 veteran entrepreneurs received business training and/or counseling through the SCORE program; and d) Approximately 1,364 women veteran entrepreneurs received business development assistance through the Women's Business Centers (WBC) program.



<b>Veterans Business Outreach Centers/Small Business Development Centers/SCORE and Women's Business Centers</b>			
Total # of Clients Trained	Total # of Vet Clients Trained	Total # of Clients Counseled	Total # Vet Clients Counseled
<b>Veterans Business Outreach Centers</b>			
6,040	6,040	9,898	9,898
<b>Small Business Development Centers</b>			
354,706	17,581	254,946	21,490
<b>SCORE</b>			
97,053	9,030	290,885	17,605
<b>Women's Business Centers</b>			
37,881		22,886	1,364

**B. The percentage and dollar value of federal contracts awarded to small business concerns owned and controlled by veterans and small business concerns owned and controlled by service-disabled veterans during the preceding 12-month period, based on the data collected pursuant to Section 604(d).**

The SBA conducted a detailed analysis of the contracting data obtained from the Federal Procurement Data System (FPDS) in order to determine the percentage and dollar value of Federal contracts awarded to small business concerns owned and controlled by veterans and/or service-disabled veterans during the preceding 12-month period.

The table below reflects contracting actions relevant to veteran and service-disabled veteran-owned small businesses.

FPDS FY 2001 Major Agency Contract Total Actions									
	Small Business Actions			Veteran-Owned Small Business			Service Disabled Veteran-Owned Small Business		
Major Federal Agency	Actions	\$000	(%)	Actions	\$000	(%)	Actions	\$000	(%)
<b>TOTAL FEDERAL</b>	<b>4,236,280</b>	<b>\$ 49,501,866</b>	<b>22.66</b>	<b>54,164</b>	<b>\$ 508,909</b>	<b>0.23</b>	<b>5,537</b>	<b>\$ 517,549</b>	<b>0.24</b>
EXECUTIVE OFFICE OF THE PRESIDENT	2,811	\$ 19,562	58.91	4	\$ 146	0.44	0	\$ -	0
DEPARTMENT OF AGRICULTURE	91,918	\$ 1,798,113	49.23	149	\$ 7,484	0.2	32	\$ 3,687	0.1
DEPARTMENT OF COMMERCE	19,791	\$ 584,738	49.23	122	\$ 457	0.04	13	\$ 1,060	0.09
DEPARTMENT OF DEFENSE	2,615,025	\$ 29,313,417	20.54	2,426	\$ 152,909	0.11	2,587	\$ 463,712	0.32
DEPARTMENT OF EDUCATION	3,674	\$ 111,482	12.04	13	\$ 1,206	0.13	1	\$ 246	0.03
DEPARTMENT OF ENERGY	8,918	\$ 536,554	2.89	154	\$ 10,251	0.06	12	\$ 1,347	0.01
DEPARTMENT OF HEALTH AND HUMAN SERVICES	140,383	\$ 1,524,178	33.19	248	\$ 49,192	1.07	37	\$ 5,633	0.12
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	3,647	\$ 266,562	34.04	8	\$ 1,785	0.23	2	\$ 881	0.11
DEPARTMENT OF JUSTICE	286,081	\$ 1,408,507	33.51	150	\$ 9,712	0.23	5	\$ 610	0.01
DEPARTMENT OF LABOR	8,321	\$ 387,719	27.76	18	\$ 6,840	0.49	3	\$ 11	0
DEPARTMENT OF STATE	15,938	\$ 578,992	38.57	27	\$ 2,016	0.13	37	\$ 5,365	0.36
DEPARTMENT OF THE INTERIOR	27,194	\$ 1,222,997	57	134	\$ 13,676	0.64	11	\$ 571	0.03
DEPARTMENT OF THE TREASURY	22,803	\$ 846,241	34.41	318	\$ 21,218	0.86	58	\$ 10,836	0.44
DEPARTMENT OF TRANSPORTATION	32,988	\$ 1,282,908	53.36	166	\$ 28,269	1.18	17	\$ 3,762	0.16
DEPARTMENT OF VETERANS AFFAIRS	713,528	\$ 1,645,137	29.21	49,082	\$ 117,937	2.09	2,581	\$ 12,538	0.22
AGENCY FOR INTERNATIONAL DEVELOPMENT	1,421	\$ 377,462	69.57	0	\$ -	0	0	\$ -	0
AMERICAN BATTLE MONUMENTS COMMISSION	3	\$ 51	22.27	0	\$ -	0	0	\$ -	0
BROADCASTING BOARD OF GOVERNORS	6,623	\$ 28,383	51.72	47	\$ 1,080	1.97	0	\$ -	0

FPDS FY 2001 Major Agency Contract Total Actions									
	Small Business Actions			Veteran-Owned Small Business			Service Disabled Veteran-Owned Small Business		
Major Federal Agency	Actions	\$000	(%)	Actions	\$000	(%)	Actions	\$000	(%)
<b>TOTAL FEDERAL</b>	<b>4,236,280</b>	<b>\$ 49,501,866</b>	<b>22.66</b>	<b>54,164</b>	<b>\$ 508,909</b>	<b>0.23</b>	<b>5,537</b>	<b>\$ 517,549</b>	<b>0.24</b>
COMMISSION ON CIVIL RIGHTS	9	\$ 1	2.22	0	\$ -	0	0	\$ -	0
COMMODITY FUTURES TRADING COMMISSION	397	\$ 2,133	16.2	0	\$ -	0	0	\$ -	0
CONSUMER PRODUCT SAFETY COMMISSION	605	\$ 4,851	57.46	7	\$ 118	1.4	2	\$ 426	5.05
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE	18	\$ 1,784	75.12	0	\$ -	0	0	\$ -	0
DEFENSE NUCLEAR FACILITIES SAFETY BOARD	23	\$ 225	64.29	0	\$ -	0	0	\$ -	0
ENVIRONMENTAL PROTECTION AGENCY	7,303	\$ 288,023	26.05	295	\$ 535	0.05	0	\$ -	0
EQUAL EMPLOYMENT OPPORTUNITY COMMISSION	4,550	\$ 8,711	18.73	0	\$ -	0	1	\$ 119	0.26
FEDERAL COMMUNICATIONS COMMISSION	626	\$ 11,239	68.64	0	\$ -	0	0	\$ -	0
FEDERAL ELECTION COMMISSION	367	\$ 629	39.53	0	\$ -	0	0	\$ -	0
FEDERAL EMERGENCY MANAGEMENT AGENCY	872	\$ 62,429	20.24	26	\$ 3,255	1.06	0	\$ -	0
FEDERAL ENERGY REGULATORY COMMISSION	191	\$ 13,986	64.02	0	\$ -	0	0	\$ -	0
FEDERAL MARITIME COMMISSION	17	\$ 142	24.78	0	\$ -	0	0	\$ -	0
FEDERAL MEDIATION AND CONCILIATION SERVICE	127	\$ 528	40.96	0	\$ -	0	0	\$ -	0
FEDERAL MINE SAFETY AND HEALTH REVIEW COMMISSION	47	\$ 107	44.21	0	\$ -	0	0	\$ -	0
FEDERAL TRADE COMMISSION	308	\$ 7,460	67	4	\$ 636	5.71	2	\$ 119	1.07
GENERAL SERVICES ADMINISTRATION	98,411	\$ 5,054,410	40.92	564	\$ 52,307	0.42	84	\$ 3,525	0.03
INTERNATIONAL TRADE COMMISSION	97	\$ 1,121	28.79	9	\$ 55	1.41	0	\$ -	0
J. F. KENNEDY CENTER FOR THE PERFORMING ARTS	263	\$ 9,169	52.43	3	\$ 28	0.16	3	\$ 638	3.65
MERIT SYSTEMS PROTECTION BOARD	404	\$ 638	47.29	0	\$ -	0	0	\$ -	0
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION	19,873	\$ 1,502,842	14.3	54	\$ 14,633	0.14	2	\$ 178	0
NATIONAL ARCHIVES AND RECORDS ADMINISTRATION	788	\$ 13,672	29.65	1	\$ 122	0.26	0	\$ -	0
NATIONAL ENDOWMENT FOR THE ARTS	76	\$ 569	63.58	0	\$ -	0	0	\$ -	0

FPDS FY 2001 Major Agency Contract Total Actions									
Major Federal Agency	Small Business Actions			Veteran-Owned Small Business			Service Disabled Veteran-Owned Small Business		
	Actions	\$000	(%)	Actions	\$000	(%)	Actions	\$000	(%)
<b>TOTAL FEDERAL</b>	<b>4,236,280</b>	<b>\$ 49,501,866</b>	<b>22.66</b>	<b>54,164</b>	<b>\$ 508,909</b>	<b>0.23</b>	<b>5,537</b>	<b>\$ 517,549</b>	<b>0.24</b>
NATIONAL ENDOWMENT FOR THE HUMANITIES	1,143	\$ 998	68.45	0	\$ -	0	0	\$ -	0
NATIONAL GALLERY OF ART	1,477	\$ 5,586	33.97	0	\$ -	0	0	\$ -	0
NATIONAL LABOR RELATIONS BOARD	524	\$ 7,972	82.51	0	\$ -	0	0	\$ -	0
NATIONAL MEDIATION BOARD	270	\$ 2,486	86.53	0	\$ -	0	0	\$ -	0
NATIONAL SCIENCE FOUNDATION	587	\$ 15,205	24.37	4	\$ 24	0.04	1	\$ 3	0
NATIONAL TRANSPORTATION SAFETY BOARD	81	\$ 553	66.87	0	\$ -	0	0	\$ -	0
NUCLEAR REGULATORY COMMISSION	664	\$ 33,842	43.17	1	\$ 65	0.08	0	\$ -	0
OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION	10	\$ 22	37.93	0	\$ -	0	0	\$ -	0
OFFICE OF PERSONNEL MANAGEMENT	3,551	\$ 182,917	64.26	1	\$ 23	0.01	1	\$ 51	0.02
PEACE CORPS	146	\$ 2,911	18.78	0	\$ -	0	2	\$ 390	2.52
RAILROAD RETIREMENT BOARD	901	\$ 4,078	33.19	43	\$ 586	4.77	29	\$ 507	4.13
SECURITIES AND EXCHANGE COMMISSION	1,064	\$ 13,880	48.22	0	\$ -	0	0	\$ -	0
SELECTIVE SERVICE SYSTEM	103	\$ 348	48.13	6	\$ 97	13.42	1	\$ 10	1.38
SMALL BUSINESS ADMINISTRATION	595	\$ 51,615	72.18	13	\$ 527	0.74	1	\$ 75	0.1
SMITHSONIAN INSTITUTION	2,051	\$ 50,856	49.52	0	\$ -	0	0	\$ -	0
SOCIAL SECURITY ADMINISTRATION	85,784	\$ 203,508	37.81	66	\$ 11,461	2.13	12	\$ 1,249	0.23
UNITED STATES HOLOCAUST MEMORIAL MUSEUM	318	\$ 1,991	47.86	0	\$ -	0	0	\$ -	0
UNITED STATES SOLDIERS AND AIRMENS HOME	249	\$ 3,478	51.08	1	\$ 259	3.8	0	\$ -	0

**C. Proposals to improve the access of small business concerns owned and controlled by veterans and small business concerns owned and controlled by service-disabled veterans to the assistance made available by the United States.**

In an effort to ensure improved access of all its programs for utilization by veteran entrepreneurs, SBA proposed the following initiatives in FY 2001:

- Fund additional district office-based veterans outreach seminars;
- Continue funding and further support the Veterans Business Outreach Centers;
- Implement a collaborative veteran's entrepreneurial training pilot with the National Veterans Business Development Corporation;
- Assist the National Veterans Business Development Corporation in implementing an electronic veterans market place for buying and selling products and services offered by veteran-owned and service-disabled veteran-owned businesses;
- Initiate the development of a Serving Those Who Served outreach poster;
- Implement an on-line outreach effort to assist National Guard and Reserve members in accessing information regarding the Military Reservist Economic Injury Disaster Loans; and
- Initiate a national outreach effort to the veteran serving community<sup>4</sup>.

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<sup>4</sup> Organizations and associations dedicated to providing assistance, guidance and support to veterans.